

Information Circular

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the Management of Canadian Tire Corporation, Limited (the "Corporation") for use at the meeting of the holders of Class A shares without par value (the "Class A shares") of the Corporation to be held on May 10, 1982 at the time and place and for the purposes set forth in the notice of meeting. It is expected that the solicitation will be primarily by mail. However, proxies may also be solicited by telephone, telegram or in person. The total cost of the solicitation will be borne by the Corporation.

SHARES CARRYING VOTING RIGHTS AT THIS MEETING

Only the holders of the Class A shares of the Corporation are entitled to vote at the meeting. At the date hereof, the Corporation has outstanding 9,539,356 Class A shares and each Class A share carries the right to one vote at the meeting. The record date for the determination of the shareholders entitled to vote at the meeting in respect of any matter that comes before the meeting is the time of the taking of the vote on such matter.

The directors and senior officers of the Corporation do not know of any person or company who at the date hereof beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Class A shares of the Corporation. However, the respective trustees of the Canadian Tire Corporation, Limited profit sharing plans on record and are entitled to vote an aggregate of 1,342,335 Class A shares or approximately 14% of the outstanding Class A shares of the Corporation.

PRINCIPAL HOLDERS OF COMMON SHARES

The directors and senior officers of the Corporation do not know of any person or company who at the date hereof beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding common shares of the Corporation, other than the following:

Name	Number of Common Shares Beneficially Owned (or Deemed to be Owned), Controlled or Directed	Percentage of Common Shares Outstanding
The Beneficiaries of the Estate of John William Billes	1,050,000	30.4%
839 Yonge Main Store Ltd.	359,075	10.4%
David G. Billes	345,045	10.0%

The common shares of the Corporation do not carry any right to vote at the meeting.

CREATION AND ISSUANCE OF \$40,000,000 (U.S.) 16 $\frac{1}{4}$ % UNSECURED NOTES

The meeting has been called for the purpose of obtaining the authorization of the holders of the Class A shares of the Corporation for the creation and issuance by the Corporation of \$40,000,000 (U.S.) principal amount of 16 $\frac{1}{4}$ % unsecured notes (the "Notes"). The Notes are proposed to be sold to institutional investors in the United States by way of private placement and the net proceeds to the Corporation from the sale of the Notes, after deduction of expenses, will amount to approximately \$39,600,000 (U.S.). The purpose of the issue is to provide the funds in United States dollars estimated to be required during 1982 as a result of the acquisition by the Corporation of White Stores, Inc. of Wichita Falls, Texas including the payment on closing of \$13,413,334 (U.S.) of the purchase price.

White Stores, Inc.

Effective January 1, 1982, the Corporation, through a wholly-owned Texas corporation (now called White Stores, Inc. and hereinafter referred to as "Whites") recently acquired substantially all of the assets of the retail and dealer divisions of a company formerly known as White Stores, Inc. (now called and hereinafter referred to as "White Credit, Inc.") for a consideration of \$40,240,000 (U.S.) and the assumption of certain liabilities including the related trade accounts payable of the vendor. The consideration was satisfied by the payment of \$13,413,334 (U.S.) in cash and by the delivery to White Credit, Inc. of three promissory notes in the face amount of \$8,942,222 (U.S.) each and maturing on December 31, 1982, 1983 and 1984.

Whites was acquired by the Corporation based upon the Corporation's view that the United States and in particular the sunbelt states would provide the Corporation with an excellent opportunity for expansion. In addition, Whites was available and represented an attractive number, size and location of stores, suitable to conversion to outlets not unlike Canadian Tire Associate Stores. Whites also offered head office facilities, distribution centres and transportation equipment of

an attractive nature and most importantly personnel of a quality and number that could not easily be engaged otherwise. Mr. John W. Kron, who remains an Executive Vice-President and a director of the Corporation, has assumed the Presidency of Whites.

The Whites retail stores division consists of the land or leases, buildings and improvements, fixtures, store equipment and inventories associated with the 81 company-operated stores located primarily in Texas. The Whites dealer division comprises 420 (including 21 furniture dealers) franchised stores using the "Whites" name and trademark. The Whites distribution centres are located at Lufkin, Shallowater and Wichita Falls, Texas, and Macon, Georgia. A transportation fleet consisting of tractors, trailers and other equipment operates from each distribution centre. The head office facilities in Wichita Falls are equipped with data processing hardware and software and office equipment.

The acquisition of Whites was made with a view to a continuation of the Corporation's growth by the introduction in the United States of retail outlets and marketing programs similar in concept and otherwise to the presence of the Corporation in Canada. However, as a result of the impact of the purchase price of the assets of Whites and the estimated costs of the program of refurbishing and merchandising the stores in the Whites retail division, it is not expected that Whites will make any significant contribution to the earnings of the Corporation for at least two years.

The Notes

The Notes will consist of

- (a) \$14,000,000 (U.S.) sinking fund notes maturing June 30, 1990 (the "Sinking Fund Notes"); and
- (b) \$26,000,000 (U.S.) principal amount of notes maturing as to \$15,000,000 (U.S.) on September 30, 1987 and as to \$11,000,000 (U.S.) on June 30, 1992.

The Notes will be dated and issued on or about May 14, 1982 pursuant to a note purchase agreement or agreements (the "Note Purchase Agreement") to be made on or about May 14, 1982 between the Corporation and the respective purchasers of the Notes. The Notes will be direct obligations of the Corporation but will not be secured by any mortgage, pledge or charge, except in certain circumstances to be specified in the Note Purchase Agreement. The interest on the Notes will be payable on June 30 and December 31 in each year commencing December 31, 1982.

The Notes will not be redeemable in whole or in part at any time prior to their maturity date other than for sinking fund purposes in the case of the Sinking Fund

Notes. The Corporation will covenant to pay, as and by way of a sinking fund for the Sinking Fund Notes, sums sufficient to retire on June 30 in each of the years 1985 and 1986 \$1,750,000 (U.S.) principal amount of Sinking Fund Notes and sums sufficient to retire on June 30 in each of the years 1987, 1988 and 1989 \$2,450,000 (U.S.) principal amount of Sinking Fund Notes. The Sinking Fund Notes will be redeemed pro-rata for sinking fund purposes at the principal amount thereof plus accrued interest to the date specified for redemption.

It is expected that pursuant to the Note Purchase Agreement, the Corporation and any Special Subsidiaries (to be defined in the Note Purchase Agreement) will be restricted with respect to encumbering assets, issuing additional debentures or other Funded Obligations (to be defined in the Note Purchase Agreement) and with respect to certain other matters including restrictions against the declaration or payment of dividends or other distributions to its shareholders or the redemption, purchase or other retirement of any of its shares unless the aggregate amount applied to such purposes subsequent to January 2, 1982 does not exceed the aggregate of (i) the consolidated net income of the Corporation and its Special Subsidiaries earned subsequent to January 2, 1982, (ii) the net proceeds to the Corporation of any shares issued subsequent to January 2, 1982 and (iii) \$25,000,000.

Authorization of holders of Class A shares

Pursuant to the terms attaching to the Class A shares of the Corporation, the authorization of the holders of the Class A shares of the Corporation is necessary to permit the creation or issuance of any funded obligations such as the Notes unless certain tests are met by the Corporation with respect to its net tangible assets and earnings. Such authorization is required to be evidenced by a resolution passed at a meeting of the holders of Class A shares duly called and held at which the holders of at least a majority of the outstanding Class A shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds of such shares represented and voted at such meeting. With respect to the proposed creation and issuance of the Notes, the Corporation meets the net tangible assets test but is unable to meet the earnings test which in effect requires its net earnings (as defined) in each of the last two fiscal years of the Corporation to have been at least 10 times the annual interest requirements on all funded obligations of the Corporation after giving effect to the proposed issue. Holders of Class A shares are referred to the annual report, a copy of which is enclosed, for information respecting the financial position of the Corporation.

Recommendation of directors

Based upon the information set out above and upon the current economic environment and financial situation of the Corporation, the directors of the Corporation consider that it is in the best interest of the Corporation and therefore of the holders of Class A shares to borrow \$40,000,000 (U.S.) on the terms set out above. The directors therefore recommend the creation, issuance and sale of the Notes at this time.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

On August 6, 1981, the Corporation approved certain loan and share purchase arrangements for the President and other senior management personnel of the Corporation and its Canadian subsidiaries. Pursuant to these arrangements, the Corporation made interest-free loans, the proceeds of which were used to purchase Class A shares of the Corporation for the participating executives at the closing price of such shares on The Toronto Stock Exchange on the date of allotment of the shares. The shares so purchased are held by a Trustee as security for repayment of the loans which are due on the tenth anniversary date thereof. The loans may be prepaid on a cumulative basis at the rate of 20% of the original principal amount with respect to each twelve month period ending after the fifth anniversary date of the loans in question and may be repaid in full in the event of the death or incapacity of the executive in question. In the event of the retirement after age 60 or the death or disability of the executive, the loans may be declared due and payable and, if not repaid within one year after written demand, the shares held for such executive will at the direction of the Corporation be sold to satisfy the unpaid balance. In the event that the executive ceases to be employed by the Corporation or a subsidiary of the Corporation for any other reason, the loans may be declared due and payable and, if not repaid within 30 days after written demand, the shares held for such executive will at the direction of the Corporation be sold to satisfy the unpaid balance. If the proceeds of sale exceed the amount of the outstanding loans, the excess will be paid to the respective executives. If the proceeds are less than the unpaid balance, the Corporation will accept the proceeds in full settlement of the amount owing. Upon repayment of any of the principal amount owing, the executive is entitled to receive a proportionate number of the shares held by the Trustee for him.

At the date hereof, loans aggregating \$2,075,000 have been made by the Corporation for the benefit of ten executives (the total amount of which is present-

ly outstanding) and further loans aggregating \$2,250,000 have been authorized for the benefit of participating executives, such loans to be made in three equal instalments of up to \$750,000 each on August 6 in each of the years 1982, 1983 and 1984. Since January 4, 1981, the proceeds of the loans that were made have been used to purchase an aggregate of 64,344 Class A shares at the price of \$32.25 per share, being the closing sale price on The Toronto Stock Exchange on August 6, 1981, the date on which such shares were allotted. The price range of the Class A shares of the Corporation in the 30 day period preceding the date of allotment was from \$35³/₄ to \$31. To date, loans in the amount of \$400,000 have been made for the benefit of each of Joseph Dean Muncaster, John William Kron and Peter Blair Edmonson. Loans in the amount of \$125,000 have been made for the benefit of each of John Francis Crowley, Frederick Yoshihide Sasaki, Steven Julius Bochen, Barry Setnor, Bruce Reginald Wilson, Archibald Borthwick Malcolm and William Andrew Moffat. All of the aforesaid persons are resident in the Municipality of Metropolitan Toronto with the exception of Mr. Wilson who resides in St. Catharines, Ontario. In addition, loans aggregating \$250,000 have been authorized to be made on the same terms as aforesaid to two additional vice-presidents which if made will be used to purchase an aggregate of 6,849 Class A shares at the price of \$36.50 per share being the closing market price on March 12, 1982, the last trading day prior to the date on which such loans were authorized. The price range of the Class A shares of the Corporation in the 30 day period preceding such date was from \$36³/₄ to \$33³/₄.

REVOCATION AND APPOINTMENT OF PROXIES

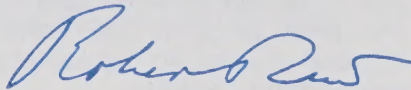
A person executing the enclosed form of proxy has the power to revoke it at any time insofar as it has not been exercised by depositing a duly executed instrument in writing revoking the proxy at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting or with the Chairman of the meeting. The persons named in the enclosed form of proxy are or have been directors of the Corporation. **A shareholder has the right to appoint a person, other than those designated in the form of proxy, to attend, act and vote for him and on his behalf at the meeting.** To exercise such right, the shareholder may insert the name of the desired person (who need not be a shareholder) in the blank space provided in the form of proxy or may complete another appropriate form of proxy, and in either case should deliver the completed proxy to the Corporation before the time of the meeting.

VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXY

The shares represented by each properly executed proxy which specifies a choice with respect to the authorization of the creation and issuance of the unsecured notes will, subject to Section 119 of the Business Corporations Act (Ontario), be voted or withheld from voting in accordance with the specification so made. **In the absence of such a specification, such shares will be voted in favour of the authorization of the creation and issuance by the Corporation of \$40,000,000 (U.S.) principal amount of 16¼% unsecured notes described above.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and any other matters which may properly come before the meeting. The Management of the Corporation knows of no such amendments or variations or matters to come before the meeting other than the matters referred to in the notice of meeting. If, however, any other matters which are not now known to the Management should properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Approved by the Board,

Dated as of
April 6th, 1982.
Toronto, Ontario



Secretary